

**Claims now presented:****Claim 1 (Newly presented):**

A trader-controlled trading system for implementation on a computer network, said trading system comprising:

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- (a) a computer network comprising a host computer having access to database means for recording attributes of bids placed by traders, a plurality of remote terminals, and network means allowing bi-directional communications between the host computer and each of said remote terminals;
  - (b) a trading instrument concerning a stated subject matter, each unit of said trading instrument having a fixed face value and further having two opposing sides that respectively represent mutually exclusive outcomes regarding the subject matter of said trading instrument;
  - (c) software means for enabling traders as users of said remote terminals to view attributes of said trading instrument and to place, with said host computer, bids to purchase at least one unit of a specified side of said trading instrument, and further providing for each said bid placed by a trader to specify a selected one of said two sides, to specify a bid price per trading instrument unit that is less than said fixed face value, and to specify a selected quantity of trading instrument units; and
  - (d) software bid matching means for declaring a matched trade between a first bid placed to purchase at least one unit of one side of said trading instrument and a second bid placed to purchase at least one unit of the opposing side of said trading instrument where the sum of the prices per unit specified in said first and second bids are in the aggregate at least equal to the face value of said trading instrument.

**Claim 2 (Originally claim 6, newly amended):**

The trading system of claim 1 wherein said host computer comprises means for establishing accounts for users of said remote terminals in which accounts said users may deposit funds from their remote terminals, and said host computer further comprises means for automatically reserving or

withdrawing from the said account of any said user the value of any bid submitted by said user to the host computer.

Claim 3 (Originally claim 7, newly amended):

The trading system of claim 2 wherein the account of any user whose trades have resulted in a net gain is automatically credited by the host computer with the amount of said net gain.

Claim 4 (Originally claim 8, newly amended):

The trading system of claim 2 wherein the host computer comprises means for immediately clearing and settling any matched trades.

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Claim 5 (Originally claim 9, newly amended):

The trading system of claim 2 wherein selected of said bid attributes maintained on said list of bids is accessible to all users of said remote computers on an equal basis.

Claim 6 (Originally claim 10, newly amended):

The trading system of claim 1 wherein the host computer comprises means for assigning a time-stamp to each bid on receipt of said bid, and the host computer in declaring a matched trade preferentially selects that matching bid having the earliest time-stamp.

Claim 7 (Originally claim 11, newly amended):

A trader-controlled trading system comprising for each trading event:

- a) a single trading instrument having a fixed face value and two opposing sides representing mutually exclusive outcomes,
- b) means for traders to submit bids to purchase, at a price per trading instrument unit that is always less than said fixed face value, at least one unit of either side of said trading instrument,
- c) means for comparing bids submitted to the trading system,
- d) means for declaring a matched trade when a first bid submitted on one of said sides specifies a purchase price that, added to the purchase price

specified in a second bid submitted on the opposing side, at least equals said face value, and

- e) means for determining that one of said two sides of the trading instrument is the prevailing side.

Claim 8 (Originally claim 12, newly amended):

A trading system according to claim 7 wherein said face value is payable to the holder of each trading instrument unit specifying said prevailing side.

Claim 9 (Originally claim 13, newly amended):

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A trading system according to claim 7 that further comprises means for associating a receipt time-stamp with each bid received in the system, and wherein said means for declaring a matched trade comprises means for preferentially matching, among bids on the same side that specify the same purchase price, the bid having the earlier time-stamp.

Claim 10 (Originally claim 14, newly amended):

A trader-controlled trading method that employs for each trading event a single trading instrument having a fixed face value and two opposing sides that represent mutually exclusive outcomes, said method comprising the following steps:

- a) soliciting bids to purchase, at prices per trading instrument unit less than said face value, units of either side of said trading instrument,
- b) comparing bids received, and
- c) declaring a matched trade when the purchase price of a first bid specifying one of said sides, added to the purchase price of a second bid specifying the opposing side, at least equals said face value.

Claim 11 (Originally claim 15, newly amended):

The trading method of claim 10 further comprising the step of determining that a side of the trading instrument is the prevailing side.

Claim 12 (Originally claim 16, newly amended):

The trading method of claim 11 further comprising the step of paying said face value to holders of each trading instrument unit that specifies said prevailing side.

Claim 13 (Originally claim 17, newly amended):

A trader-controlled trading method conducted over a telecommunications network comprising a host computer, a plurality of remote terminals, and telecommunications means connecting said host computer and said remote terminals and enabling the transmission of data to and from said host computer and each of said remote terminals, said method comprising the following steps for each trading event:

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- a) the dissemination by the host computer to said remote terminals, for bidding thereon by users of said remote terminals, of a single trading instrument having a fixed face value and two opposing sides representing mutually exclusive outcomes regarding the subject matter of said trading instrument,
  - b) receiving in said host computer a plurality of bids entered from said remote terminals, each of said bids specifying a selected one of said two sides of the contract and also specifying a purchase price per unit of said trading instrument for the purchase of at least one unit of said trading instrument,
  - c) said host computer declaring a matched trade upon receiving a first bid specifying one side of said trading instrument and a second bid specifying the opposing side of said instrument, where the purchase prices set forth in said first bid and said second bid are each less in amount than said face value and the sum of the purchase prices per unit specified in said first bid and said second bid at least equals said face value.

Claim 14 (Originally claim 18, newly amended):

The method of claim 13 wherein said trading instrument concerns an event having a termination point pursuant to pre-established criteria whereupon

a side of said trading instrument will determinably be the prevailing side and the opposing side will determinably be the losing side.

Claim 15 (Originally claim 19, newly amended):

The method of claim 14 comprising a further step requiring each user of said remote terminals, prior to entering any bid to said host computer, to establish an account and deposit funds in said account.

Claim 16 (Originally claim 20, newly amended):

The method of claim 15 comprising the further step that, upon receipt by the host computer of any bid from a remote terminal, funds sufficient to cover said bid are withdrawn from the account established by the user entering said bid.

Claim 17 (Originally claim 21, newly amended):

The method of claim 14 comprising the further step, upon the termination of said event, of paying holders of trading instruments specifying the side determined to be the prevailing side an amount equal to said face value for each unit of such trading instruments.

Claim 18 (Originally claim 22, newly amended):

The method of claim 17 wherein said payment is made automatically by the host computer to the account of each of said holders of trading instruments specifying the side determined to be the prevailing side.

Claim 19 (Originally claim 23, newly amended):

The method of claim 16 comprising the further steps that, at any point prior to the termination of said event, the account of any of said users who then holds an equal number of trading instruments on each of its two opposing sides may automatically be credited by the said face value multiplied by said equal number of trading instruments, and automatically debited by the aggregate amounts bid by said user to purchase all of said trading instruments, less any amounts previously withdrawn or reserved from said account with respect to said trading instruments.

Claim 20 (Originally claim 24, newly amended):

The method of claim 13 comprising the further step that each bid received by the host computer is assigned a time-stamp upon receipt by the host computer.

Claim 21 (Originally claim 25, newly amended):

The method of claim 20 comprising the further step that the host computer maintains a current list of all active bids received by the host computer regarding said trading instrument, including the side, price and quantity of trading instrument units specified in each bid on said list, and also including a receipt time-stamp.

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Claim 22 (Originally claim 26, newly amended):

The method of claim 21 comprising the further step that, in the event the host computer determines that a newly received bid may be matched with more than one earlier-received opposing bid, the host computer effects a matched trade first with that opposing bid having the earliest time-stamp.

Claim 23 (Originally claim 27, newly amended):

A computerized system for trading in a single market units of a fixed value trading instrument having two complementary sides, comprising:

- a) means for receiving and storing bids received from remote trader terminals to purchase at least one unit of one side of said trading instrument, each of said bids comprising a purchase price term and a unit quantity term,
- b) means for receiving and storing bids received to purchase at least one unit of the opposing side of the trading instrument from remote trader terminals, each of said bids comprising a purchase price term and a unit quantity term,
- c) means for coupling bids received on one side of the trading instrument with said stored bids received on the opposing side of said trading instrument for comparing the purchase price and quantity terms of said opposing bids, and

- d) means for executing a binding trade when a match exists between at least one bid received on one side of said trading instrument and at least one stored bid received on the opposing side of said trading instrument, and
- e) means for clearing and settling each said binding trade.

Claim 24 (Originally claim 28):

The method of automatically and equitably effectuating trades of a fixed value trading instrument having two opposing sides between subscribers to a computerized trading system wherein a host computer is coupled to a plurality of individual trader terminals, said method comprising the following steps:

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- a) booking on a first bid list, in a priority sequence according to a predetermined program, unfilled bids including associated purchase price and lot quantity parameters received on one side of the trading instrument,
  - b) booking on a second bid list, in said priority sequence according to a predetermined program, unfilled bids including associated purchase price and lot quantity parameters received on the other side of the trading instrument,
  - c) comparing in said priority sequence the purchase price and lot quantity parameters of each of said unfilled bids booked on said first bid list with the purchase price and lot quantity parameters of said unfilled bids on said second bid list,
  - d) transacting said received bid on said first bid list with the highest priority bid or bids on said complementary list if said bid can be matched against one or more bid orders on the complementary bid order list, and
  - e) placing the untransacted portion of said incoming bid order on the corresponding one of said list in a priority sequence (according to the corresponding one of said predetermined programs) if said incoming bid order cannot be completely matched against any bid order or orders on said complementary bid order list.

Claim 25 (Originally claim 29, newly amended):

A method according to claim 24 further comprising the step that incoming bids are time-tamped on receipt by the Host.

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Claim 26 (Originally claim 30, newly amended):

A method according to claim 25 wherein bids are booked in a priority sequence in order of time-stamp receipt.

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